

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial and Insurance Regulation

In the matter of:

**WestMinster Group
Frank Sinclair
William Westwood
John Day**

Enforcement Case No. 07-5489

Respondents

_____ /

Issued and entered
on July 8, 2008
by Peggy L. Bryson
Acting Chief Deputy Commissioner

FINAL ORDER

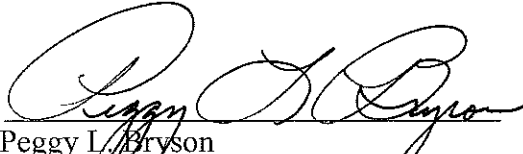
1. On June 4, 2008, the Commissioner issued an Order to Cease and Desist hereafter ("Order") pursuant to Section 408 of the Michigan Uniform Securities Act, hereafter ("MUSA"), MCL 451.808. Said Order advised Respondents that they may contest the Order by requesting a hearing within 15 days after service of the Order.
2. On June 5, 2008, the Office of Financial and Insurance Regulation, hereafter ("OFIR") mailed the Order to Respondents WestMinster Group, Frank Sinclair, William Westwood, and John Day via certified mail (7008 0500 0001 6312 3864, 7008 0500 0001 6312 3857, 7008 0500 0001 6312 3840 & 7006 0100 0006 4497 1164) to the last known address for the Respondents at: 660 Plaza Drive, Detroit, MI 48226.
3. On June 12, 2008, the United States Postal Service returned all four mailed copies of the Order for Respondents WestMinster Group, Frank Sinclair, William Westwood, and John Day marked, "Not Deliverable as Addressed, Unable to Forward."
4. A copy of the Order dated June 4, 2008 and this Final Order was served on the Administrator, specifically Commissioner Ken Ross. Service of the Order upon the Administrator is made pursuant to Section 414 of the MUSA, MCL 451.814

Final Order

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5. Respondents have failed to request a hearing within 15 days after service on them of the Order, as provided in Section 408 of the MUSA, MCL 451.808, therefore the Order is **FINAL**.

By: 
Peggy L. Bryson
Acting Chief Deputy Commissioner
Office of Financial and Insurance Regulation

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ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation of the Michigan Department of Labor and Economic Growth, pursuant to the Michigan Administrative Procedures Act of 1969, MCL 24.201 *et. seq.*, (hereafter "MAPA") and the Michigan Uniform Securities Act, as amended, MCL 451.501 *et. seq.*, (hereafter "Act"), and the rules promulgated under the Act, say that:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The staff of the Office of Financial and Insurance Regulation (hereafter "OFIR") alleges that the following facts are true and correct:

1. OFIR is responsible for the licensing and regulation of securities and enforcement of the provisions of the Act. Effective April 6, 2008, the Office of Financial and Insurance Services was renamed the Office of Financial and Insurance Regulation, and is hereafter referred to as ("OFIR") in this Order.
2. On or about October 11, 2007, OFIR received information that the WestMinster Group, (hereafter "WestMinster"), and Frank Sinclair, Account Manager, William Westwood, Chief Financial Officer, and John Day, Executive Vice President, Finance were engaged in the activity of offering and or selling unregistered or non-exempt securities in the State

of Michigan. WestMinster, Frank Sinclair, William Westwood, and John Day are hereafter collectively referred to as "Respondents."

3. At all pertinent times, WestMinster was not registered in any capacity to transact securities business in the State of Michigan.
4. At all pertinent times, Sinclair, Westwood, and Day were not registered securities agents or investment advisers in the State of Michigan.
5. At all pertinent times, Respondents operated a website (www.westminster-group.com) that held Respondents out as offering services to investors and corporations that include:
 - Obtaining information used as the basis of investment decisions.
 - Facilitating investment in development-stage companies.
 - Supporting startup companies.
 - Provision of planning and development services for entities prior to public offering of entity stock.
 - Structuring a public offering.
6. Respondents' website listed an address of: 660 Plaza Drive, Detroit, MI 48226. On October 18, 2007, an OFIR Examiner visited the 660 Plaza Drive address. Westminster was not located at this address. The building at this location, named Edison Plaza, serves as major business offices for DTE Energy and the Detroit Edison Credit Union. Personnel at the security desk at Edison Plaza informed the OFIR Examiner that no business group named the Westminster Group was located in the building. DTE Energy and Detroit Edison Credit Union are the sole occupiers of the building.
7. Respondents' website listed a phone number of: (313) 279-9504. As of the date of this Order, the phone number has been disconnected.
8. On November 14, 2007, OFIR sent Respondents a letter of inquiry. The letter was returned with the notation that it was undeliverable as addressed and unable to be forwarded.
9. Respondents' website is devoid of any corporate identification or information pertaining to WestMinster or its staff and operated as a device, scheme, or artifice to defraud investors.
10. Respondents are operating a fraudulent investment company established to enable theft of client's assets. Respondents are not a bona fide business entity in the State of Michigan.
11. Section 401(z) of the Michigan Uniform Securities Act, includes as a "security" any "contractual or quasi contractual arrangement pursuant to which:
 - a. A person furnished capital, other than services, to an issuer;
 - b. A portion of that capital is subjected to the risks of the issuer's enterprise;

- c. The furnishing of that capital is induced by the representations of an issuer, promoter, or their affiliates which give rise to a reasonable understanding that a valuable tangible benefit will accrue to the person furnishing the capital as a result of the operation of the enterprise;
 - d. The person furnishing the capital does not intend to be actively involved in the management of the enterprise in a meaningful way; and
 - e. A promoter or its affiliates anticipate, at the time the capital is furnished, that financial gain may be realized as a result thereof.”
12. Respondents knew or had reason to know that Section 101(1), (2), and (3) of the Act, MCL 451.501(1), (2), and (3), states that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to employ any device, scheme, or artifice to defraud, or to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.
13. Respondents further knew or had reason to know that Section 201 of the Act, MCL 451.601, provides that a person shall not transact business in this State as an investment adviser, agent or broker dealer unless registered under the Act.
14. Respondents further knew or had reason to know that Section 301 of the Act, MCL 451.701, makes it unlawful for a person to offer or sell any security in the State of Michigan unless the security is: 1) registered under the Act, 2) an exempt security or transaction under Section 402 of the Act, or 3) a federally covered security.
15. Respondents further knew or had reason to know that Section 401(z) of the Act, MCL 451.801(z) defines a “security” which includes investment contracts issued by Respondent.
16. Respondents solicited money from at least two foreign nationals for various investments and accepted funds in excess of \$170,000 USD to secure the proceeds from the sale of shares of stock owned by the investors.
17. Respondent omitted to provide the investors with material facts or information such as: a financial statement of the Respondents, the use of the proceeds by the Respondents, the operating history of the Respondents, or any other relevant information needed by an investor to make an informed decision about the issuer, the financial condition of the Respondents, or the securities offered by the Respondents.
18. The investors never received any monthly or account statements from the Respondents. Further, investors have never received any dividend, interest payment, or other return on their investment.

19. There is no evidence that Respondents ever invested the investor's money in any type of stock, security, bond, insurance annuity or other legitimate asset.
20. The investors have attempted to contact Respondents to inquire about their investment money, but the Respondents have been unreachable by these people.
21. Respondents' actions in connection with their offer, sale, or purchase of securities were an act, practice, or course of business which operated as a fraud or deceit upon the investors due to the facts that Respondents used a website to solicit and defraud investors, operated in an unregistered capacity, and offered and sold unregistered and non-exempt securities in the State of Michigan.

WHEREAS, Section 408 of the Act, MCL 451.808, states that whenever it appears to the Administrator (Commissioner of the Office of Financial and Insurance Regulation) that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this act or any rule or order hereunder, it may in its discretion issue a cease and desist order or bring an action in a circuit court to enjoin the act or practices and to enforce compliance with this act or any rule or order hereunder; and

WHEREAS, Respondents offered and sold securities to Michigan residents; and

WHEREAS, an investment contract, such as those issued by Respondents, meets all of the requirements of a security, as defined in Section 401(z) of the Act, MCL 451.801(z); and

WHEREAS, Section 301 of the Act, MCL 451.701, provides that it is unlawful for any person to offer or sell any security in Michigan unless: the security is registered under the Act, the security or transaction is exempt under Section 402 of the Act, MCL 451.802, or the security is a federally covered security; and

WHEREAS, the securities offered and sold by Respondents do not meet any of the requirements listed in Section 301 of the Act, MCL 500.701; and

WHEREAS, Respondents therefore offered and sold securities in the State of Michigan in violation of Section 301 of the Act, MCL 451.701; and

WHEREAS, Section 201 of the Act, MCL 451.601, provides that a person shall not transact business in this State as an investment adviser, agent, or broker dealer unless registered under the Act; and

WHEREAS, Respondents transacted business in the State of Michigan, but are not registered under the Act to act as an investment adviser, agent, or broker dealer; and

WHEREAS, Section 101(1) of the Act, MCL 451.501(1), provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to employ any device, scheme, or artifice to defraud; and

WHEREAS, in connection with the offer, sale or purchase of any security, Respondents employed a device, scheme, or artifice to defraud; and

WHEREAS, Section 101(2) of the Act, MCL 451.501(2), provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; and

WHEREAS, in connection with the offer, sale or purchase of any security, Respondents made untrue statements of a material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; and

WHEREAS, Section 101(3) of the Act, MCL 451.501(3), provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and

WHEREAS, in connection with the offer, sale or purchase of any security, Respondents engaged in acts, practices, or a course of business which operated as a fraud or deceit upon the investors; and

WHEREAS, the Administrator finds this Order necessary and appropriate in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, based on the foregoing, OFIR Staff recommends that the Administrator find that Respondent has engaged in acts and practices that violate Section 101, 201, and 301 of the Act, MCL 451.501, 451.601, and 451.701, and Rules promulgated under the Act.

ORDER

IT IS THEREFORE ORDERED, pursuant to Section 408 of the Act, MCL 451.808, and Section 409 of the Act, MCL 451.809, that:

1. Respondents shall immediately **CEASE AND DESIST** from violating Section 101, 201, 301 of the Act, MCL 451.501, 451.601, and 451.701.
2. Any exemptions under Section 402(a)(1), (6), (7), (8), (9), (10), and 402(b) of the Act, MCL 451.802(a)(1), (6), (7), (8), (9), (10), and 451.802(b), for which Respondents might qualify, are summarily denied or revoked.

Failure to comply with this ORDER will subject you to one or more of the following:

- a. A civil penalty of not more than \$1,000 for each violation of this act, but not to exceed a total of \$10,000.
- b. A criminal penalty of not more than \$25,000 for each violation, or imprisonment of not more than 10 years, or both.

You may file with the Administrator within 15 days after service of this Order a written request for a hearing. The Administrator, within 15 days after your filing, shall issue a notice of hearing and set a date for the hearing. Any request for a hearing should be addressed to: the Office of Financial and Insurance Regulation, Attention: Hearing Coordinator, Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909.

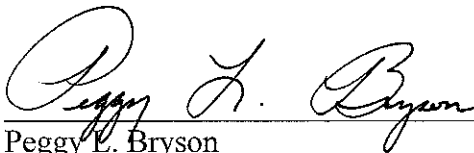
If you do not request a hearing, or it is not ordered by the Administrator within 15 days, this Order will stand as entered and will be FINAL.

It is important to understand that any statements that you present in response to this Order may be used against you at a hearing. It is also important to understand that you have the right, at your own expense, to have an attorney assist you at a hearing.

Any other communication regarding this Order should be addressed to the Office of Financial and Insurance Regulation, Attention: William R. Peattie, P.O. Box 30220, Lansing, Michigan 48909.

MICHIGAN DEPARTMENT OF
LABOR & ECONOMIC GROWTH

By:


Peggy L. Bryson

Acting Chief Deputy Commissioner